2011 DRAFTING REQUEST

Bill

Received: **02/01/2011**

Received By: **jkreye**

Wanted: **As time permits**

Companion to LRB:

For: **Administration-Budget**

By/Representing: **Quinn**

May Contact:

Drafter: **jkreye**

Subject: **Tax, Other - miscellaneous**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

DOA:.....Quinn, BB0297 -

Topic:

Internal Revenue Code updates

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/P1	jkreye 02/01/2011	jdyer 02/07/2011	jfrantze 02/07/2011	_____ _____	sbasford 02/07/2011		State
/P2	jkreye 02/11/2011	jdyer 02/11/2011	rschluet 02/11/2011	_____ _____	cduerst 02/11/2011		State
/P3	jkreye 02/17/2011	jdyer 02/17/2011	rschluet 02/17/2011	_____ _____	lparisi 02/17/2011		State
/P4	jkreye 02/18/2011	jdyer 02/18/2011	phenry 02/18/2011	_____ _____	mbarman 02/18/2011		State

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/P4 2/18 jld

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/P3 2/17 jld

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FE Sent For:

/P2 2/11 jld

<END>

2011 DRAFTING REQUEST

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DOA:.....Quinn, BB0297 -

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See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/P1	jkreye	/P1 2/7 jld	2/7	2/7			

FE Sent For:

<END>

Kreye, Joseph

From: Hanaman, Cathlene
Sent: Tuesday, February 01, 2011 12:35 PM
To: Kreye, Joseph
Subject: FW: Statutory Language Drafting Request
Attachments: IRC Update Drafting Requests.doc

From: Scott.Thornton@Wisconsin.gov [mailto:Scott.Thornton@Wisconsin.gov]
Sent: Tuesday, February 01, 2011 12:07 PM
To: Hanaman, Cathlene
Cc: Hetzel, Shayna - DOA; Thornton, Scott - DOA; Grinde, Kirsten - DOA; Quinn, Brian D - DOA
Subject: Statutory Language Drafting Request

Topic: IRC Updates

Tracking Code: BB0297

SBO Team: TTO

SBO Analyst: Quinn, Brian D - DOA
Phone: (608) 266-1923
E-mail: brian.quinn@wisconsin.gov

Agency Acronym: DOR

Agency Number: 566

Priority: Low

Intent:
See memo.

Attachments: True

Tax Credit Bonds:	Adopt Section 15316 of P.L. 110-246;
	Adopt Sections 301 of Division B and 313 of Division C of
P.L.111-343	
	Adopt Section 1401,1402, 1521, 1522. and 1531 of Division B of P.L. 111-5
	Adopt Section 301 of P.L. 111-147
Roth Accounts:	Adopt Section 2111 and 2112 of P.L. 111-240
Partial Annuitizaton:	Adopt Section 2113 of P.L. 111-240
Long Term Care Annuities:	Adopt Section 844(a) and 844(b) of P.L. 109-280 —

Legislative Proposal Summary
Wisconsin Department of Revenue
Research and Policy Division

January 28, 2011

TITLE: Internal Revenue Provisions

DESCRIPTION OF CURRENT LAW AND PROBLEM

Wisconsin's individual income and corporate income and franchise tax base closely conforms to the tax base for federal tax purposes. Conformity is achieved through references in Chapter 71 of the Wisconsin Statutes to the federal Internal Revenue Code (IRC). To maintain conformity, these references must be updated to adopt changes made since the most recent update for federal IRC changes. In general, the last IRC update incorporated federal law changes enacted in 2006.

In particular there are four federal law provisions that should be adopted by Wisconsin. They relate to 1) tax credit bonds; 2) Roth IRA accounts allowed in 401(k),403(b), and 457 retirement plans; and 3) partialization of annuities and 4) long-term care annuities.

1) State and Local Bonds

Current Law: Interest on bonds issued by state and local governments are exempt from federal tax but are taxable for Wisconsin.

Law Change: Public Law 110-246 codified the treatment of a new class of bonds called tax credit bonds. Instead of paying federally tax-exempt interest to bondholders, these bonds pay no interest but instead provide for a federal tax credit. Under the federal law, the credit is treated as interest which is includible in federal gross income.

Public Law 110-343 created qualified energy conservation bonds and qualified zone academy bonds as additional tax credit bonds.

In addition, Public Law 111-5 created a new type of debt instrument called Build America Bonds. Unlike tax credit bonds that provide a tax credit to the holder of the bond in lieu of interest payments, Build America Bonds pay interest to the bondholder and also provide a tax credit. The interest is taxable for federal purposes and the credit is treated as interest that is also taxable.

Public Law 111-147 allows an issuer of tax credit bonds to make an irrevocable election prior to the issuance of the bonds to receive the direct payment from the federal government equal to the amount of the federal tax credit otherwise provided for those bonds.

Wisconsin treats the tax credit from tax credit bonds and from Build America Bonds as state and municipal bond interest and therefore subject to Wisconsin tax. However, adoption of these provisions would clarify this treatment.

Effective Date: P.L. 110-246 effective for obligations issued after May 22, 2008. P.L. 110-343 effective for obligations issued after October 2, 2008. P.L. 111-5 effective for obligations issued after February 17, 2009. P.L. 111-147 effective March 18, 2010.

Fiscal Effect: minimal.

2. State and Local Government 457 Plans to Offer Roth Accounts* (P.L. 111-240)

Public Law 111-240 provides that a governmental section 457(b) plan may be amended to add a designated Roth account and to allow rollovers to that account. As a result, an employee may designate any elective contribution as a Roth contribution in lieu of a pre-tax elective contribution. Designated Roth contributions are not excluded from income, but distributions from a Roth account are not subject to tax. While not explicitly clear, it is assumed that the income limitations for Roth contributions would apply to contributions made through a section 457(b) plan.

Failure to adopt this provision could place taxpayers in a situation whereby they would be subject to state penalties (for excess contributions to a Roth). These penalties would continue every year the excess contributions remain in the account. The excess contribution would have to be withdrawn to avoid a state penalty. However, if the taxpayers are under age 59 ½ , these taxpayers would face a federal 10% early distribution penalty if they did withdraw the excess amount.

Effective Date: Taxable years beginning after December 31, 2010

3. Retirement Plan Distributions Allowed Rollover Into Roth Account (P.L. 111-240)

The bill provides that certain retirement plan distributions may be rolled over into a designated Roth Account. Under the bill, if a section 401(k) plan or a section 403(b) plan or section 457(b) plan has a designated Roth account, employees may be able to roll over distributions from their account into the designated Roth under the plan. As a result, an employee may designate any elective contribution to a Roth contribution in lieu of a pre-tax elective contribution. Designated Roth contributions are not excluded from income, but distributions from a Roth account are not subject to tax. While not explicitly clear, it is assumed that the income limitations for Roth contributions would apply to contributions made through a section 457(b) plan.

For rollovers that occur in 2010, the bill allows taxpayers to include the distributions in income in equal amounts over 2011 and 2012.

Failure to adopt this provision could place taxpayers who take advantage of the federal law in a situation whereby they would be subject to state penalties (for excess contributions to a Roth). These penalties would continue every year the excess contributions remain in the account. The excess contribution would have to be withdrawn to avoid a state penalty. However, if the taxpayers are under age 59 ½ , these taxpayers would face a federal 10% early distribution penalty if they did withdraw the excess amount.

Fiscal Effect (Items 2 and 3 combined): Revenue increase of $822,000 in FY12, +$660,000 in FY13.

[The fiscal effect is a combination of loss of penalties imposed on those taxpayers that designate or rollover to a Roth in the absence of Wisconsin adoption plus the revenue gain of those taxpayers that designate or rollover to a Roth following Wisconsin adoption.)
Effective Date: Distributions after September 27, 2010.

4. Partial Annuitization of a Nonqualified Annuity Contract (P.L. 111-240)

An annuity contract that is paid out as an annuity, i.e., fixed payments over a specified period of time, has different tax treatments than payments that are paid in a lump sum or in periodic withdrawals. Annuity payments are included in income; however, the portion of each payment that is attributable to recovery of the taxpayer's investment in the contract is not taxed. In contrast, payments that are made in a lump sum or in periodic withdrawals are subject to tax in full because the recovery of the investment is recognized only after all gains have been recognized; hence there is no apportioning of the payment into a taxable portion and an exempt portion associated with the recovery of the investment.

Under prior law, contracts could be split to allow annuity payments and a remaining balance, but the tax treatment was unclear. There was concern that such a split would lose the tax treatment of the annuity portion and that a split contract would result in the annuity payments treated like periodic withdrawals.

Failure to adopt this provision would create confusion as to the state tax treatment of these split products.

Effective Date: Amounts received in tax years beginning after December 31, 2010

Fiscal Effect: +$118,000 FY 12, +193,000 in FY13 (no change in tax treatment; fiscal effect driven by increased popularity of the products)

5. Treatment of annuities and life insurance with long term care insurance feature (Public Law 109-280)

Public Law 109-280 changes the rules that apply to life and long-term care insurance to allow certain withdrawals from annuities for payment for long-term care insurance to be tax free.

Failure to adopt the provision would subject Wisconsin taxpayers under age 59.5 who exchange an annuity for a stand alone long term care contract or a combination annuity-long term care contract to early withdrawal penalties even though the conversion is allowed tax free for federal tax purposes.

Effective Date: For annuities issued after December 31, 1996 but only with respect to long-term care insurance purchased in taxable years beginning after December 31, 2009.

Fiscal Effect: -$710,000 in FY12, -$1.2 million in FY13

RECOMMENDATION FOR ACTION

Tax Credit Bonds:	Adopt Section 15316 of P.L. 110-246; Adopt Sections 301 of Division B and 313 of Division C of P.L.111-343 Adopt Section 1401,1402, 1521, 1522. and 1531 of Division B of P.L. 111-5 Adopt Section 301 of P.L. 111-147
Roth Accounts:	Adopt Section 2111 and 2112 of P.L. 111-240
Partial Annuitizaton:	Adopt Section 2113 of P.L. 111-240
Long Term Care Annuities:	Adopt Section 844(a) and 844(b) of P.L. 109-280

ADMINISTRATIVE IMPACT

Conformity to federal treatment ensures simplicity for taxpayers and enhances compliance.

FAIRNESS/TAX EQUITY

Creates certainty as to current and future state tax treatment of these provisions.

FISCAL EFFECT

Federal Provisions:	FY 12	FY13	FY14
Designated Roth in Retirement Accounts	822,000	660,000	567,000
Partial Annuitization	118,000	193,000	302,000
Long Term Care Annuitization	-710,000	- 1,200,000	-1,400,000
Total	230,000	(347,000)	(531,000)

DRAFTING INSTRUCTIONS

See recommendation.

EFFECTIVE DATE AND/OR INITIAL APPLICABILITY

To be determined.

INTERESTED/AFFECTED PARTIES

Holders of municipal bonds and tax credit bonds; employees wishing to contribute to their retirement accounts, seniors wishing to plan for their long term care needs.

DOR CONTACT PERSON

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608/266 6785

Diane Hardt
Diane.Hardt@revenue.wi.gov
608/ 266-6798

PREPARED BY Rebecca Boldt

State of Wisconsin
2011 - 2012 LEGISLATURE

LRB-1260/P1
JK:.....

DOA:.....Quinn, BB0297 - Internal Revenue Code updates

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

in Tues 2-1-11

Don't gen

AN ACT ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

This bill adopts, for state income and franchise tax purposes, recent changes made to the federal Internal Revenue Code related to tax credit bonds, allowing Roth individual retirement accounts in certain retirement plans, annuity contracts, and long-term care annuities.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.01 (6) (um) of the statutes is amended to read:

71.01 **(6)** (um) For taxable years that begin after December 31, 2008, for natural persons and fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, "Internal Revenue Code" means the federal Internal Revenue Code

as amended to December 31, 2008, excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, and 513 of P.L. 109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28, P.L. 110-140, P.L. 110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185, P.L. 110-234, sections 110, 113, and 301 of P.L. 110-245, P.L. 110-246, except section 15316 of P.L. 110-246, P.L. 110-289, P.L. 110-317, P.L. 110-343, and P.L. 110-351, and as amended by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of P.L. 111-343, and as indirectly affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-280, P.L. 101-508, P.L. 102-90, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-117, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L.

105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, and 513 of P.L. 109-222, P.L. 109-227, P.L. 109-280, ~~excluding section 844 of P.L. 109-280,~~ P.L. 110-245, excluding sections 110, 113, and 301 of P.L. 110-245, ~~and~~ section 15316 of P.L. 110-246, P.L. 110-458, sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of P.L. 111-343. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the federal Internal Revenue Code enacted after December 31, 2008, do not apply to this paragraph with respect to taxable years beginning after December 31, 2008, except that changes to the Internal Revenue Code made by section 15316 of P.L. 110-246, sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections

26 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313
27 of division C of P.L. 111-343, and changes that indirectly affect the provisions
28 applicable to this subchapter made by section 15316 of P.L. 110-246, sections 1401,
29 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147,
30 sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and
31 section 313 of division C of P.L. 111-343, apply for Wisconsin purposes at the same
32 time as for federal purposes.

NOTE: NOTE: Par. (um) is shown as affected by 2 acts of the 2009 Wisconsin legislature and as merged by the legislative reference bureau under s. 13.92 (2) (i). NOTE:

History: 1987 a. 312; 1987 a. 411 ss. 6 to 8, 26, 27, 31; 1989 a. 31, 100, 336; 1991 a. 39, 269; 1993 a. 16, 112, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 109; 2003 a. 33; 2005 a. 25, 49, 362; 2007 a. 20, 226; 2009 a. 2, 28, 161, 183; s. 13.92 (2) (i).

33 **SECTION 2.** 71.22 (4) (um) of the statutes is amended to read:

34 71.22 **(4)** (um) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
35 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after
36 December 31, 2008, means the federal Internal Revenue Code as amended to
37 December 31, 2008, excluding sections 103, 104, and 110 of P.L. 102-227, sections
38 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b),
39 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L.
40 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L.
41 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L.
42 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L.
43 108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.
44 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
45 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L.
46 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e),
47 (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, and 513 of P.L.
48 109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28, P.L. 110-140, P.L.

110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185, P.L. 110-234, sections 110, 113, and 301 of P.L. 110-245, P.L. 110-246, except section 15316 of P.L. 110-246, P.L. 110-289, P.L. 110-317, P.L. 110-343, and P.L. 110-351, and as amended by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of P.L. 111-343, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.

74 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding
75 section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it
76 relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L.
77 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, and 513 of P.L.
78 109-222, P.L. 109-227, P.L. 109-280, ~~excluding section 844 of P.L. 109-280,~~ P.L.
79 110-245, excluding sections 110, 113, and 301 of P.L. 110-245, ~~and~~ section 15316 of
80 P.L. 110-246, P.L. 110-458, sections 1401, 1402, 1521, 1522, and 1531 of division B
81 of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L.
82 111-240, and section 301 of division B and section 313 of division C of P.L. 111-343.
83 The Internal Revenue Code applies for Wisconsin purposes at the same time as for
84 federal purposes. Amendments to the federal Internal Revenue Code enacted after
85 December 31, 2008, do not apply to this paragraph with respect to taxable years
86 beginning after December 31, 2008, except that changes to the Internal Revenue
87 Code made by section 15316 of P.L. 110-246, sections 1401, 1402, 1521, 1522, and
88 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and
89 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of
90 P.L. 111-343, and changes that indirectly affect the provisions applicable to this
91 subchapter made by section 15316 of P.L. 110-246, sections 1401, 1402, 1521, 1522,
92 and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112,
93 and 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C
94 of P.L. 111-343, apply for Wisconsin purposes at the same time as for federal
95 purposes.

NOTE: NOTE: Par. (um) is shown as affected by 2 acts of the 2009 Wisconsin legislature and as merged by the legislative reference bureau under s. 13.92 (2) (i).NOTE:

History: 1987 a. 312; 1987 a. 411 ss. 14, 19, 109, 112; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 112, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237, 252, 299; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33; 2005 a. 25, 49; 2007 a. 20, 226; 2009 a. 2, 28, 161, 183; s. 13.92 (2) (i).

96 **SECTION 3.** 71.22 (4m) (sm) of the statutes is amended to read:

97 71.22 **(4m)** (sm) For taxable years that begin after December 31, 2008,
98 "Internal Revenue Code," for corporations that are subject to a tax on unrelated
99 business income under s. 71.26 (1) (a), means the federal Internal Revenue Code as
100 amended to December 31, 2008, excluding sections 103, 104, and 110 of P.L. 102-227,
101 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections
102 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and
103 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of
104 P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of
105 P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of
106 P.L. 108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910
107 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326,
108 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301
109 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403
110 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, and 513 of P.L.
111 109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28, P.L. 110-140, P.L.
112 110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185, P.L. 110-234,
113 sections 110, 113, and 301 of P.L. 110-245, P.L. 110-246, except section 15316 of P.L.
114 110-246, P.L. 110-289, P.L. 110-317, P.L. 110-343, and P.L. 110-351, and as
115 amended by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5,
116 section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section
117 301 of division B and section 313 of division C of P.L. 111-343, and as indirectly
118 affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203,
119 P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508,
120 P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L.
121 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and

122 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L.
123 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L.
124 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L.
125 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554,
126 excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding
127 section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147,
128 excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L.
129 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L.
130 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L.
131 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403
132 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 102, 201, 211, 242, 244, 336,
133 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7,
134 P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
135 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L.
136 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding
137 sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and
138 (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207,
139 209, 503, and 513 of P.L. 109-222, P.L. 109-227, and P.L. 109-280, ~~excluding section~~
140 ~~844 of P.L. 109-280,~~ P.L. 110-245, excluding sections 110, 113, and 301 of P.L.
141 110-245, ~~and~~ section 15316 of P.L. 110-246, P.L. 110-458, sections 1401, 1402, 1521,
142 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111,
143 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313 of
144 division C of P.L. 111-343. The Internal Revenue Code applies for Wisconsin
145 purposes at the same time as for federal purposes. Amendments to the Internal
146 Revenue Code enacted after December 31, 2008, do not apply to this paragraph with

147 respect to taxable years beginning after December 31, 2008, except that changes to
148 the Internal Revenue Code made by section 15316 of P.L. 110-246, sections 1401,
149 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147,
150 sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and
151 section 313 of division C of P.L. 111-343, and changes that indirectly affect the
152 provisions applicable to this subchapter made by section 15316 of P.L. 110-246,
153 sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of
154 P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of
155 division B and section 313 of division C of P.L. 111-343, apply for Wisconsin purposes
156 at the same time as for federal purposes.

NOTE: NOTE: Par. (sm) is shown as affected by 2 acts of the 2009 Wisconsin legislature and as merged by the legislative reference bureau under s. 13.92 (2) (i). NOTE:

History: 1987 a. 312; 1987 a. 411 ss. 14, 19, 109, 112; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 112, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237, 252, 299; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33; 2005 a. 25, 49; 2007 a. 20, 226; 2009 a. 2, 28, 161, 183; s. 13.92 (2) (i).

157 **SECTION 4.** 71.26 (2) (b) 22. of the statutes is amended to read:

158 71.26 **(2)** (b) 22. For taxable years that begin after December 31, 2008, for a
159 corporation, conduit, or common law trust which qualifies as a regulated investment
160 company, real estate mortgage investment conduit, real estate investment trust, or
161 financial asset securitization investment trust under the Internal Revenue Code as
162 amended to December 31, 2008, excluding sections 103, 104, and 110 of P.L. 102-227,
163 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections
164 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and
165 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of
166 P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of
167 P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of
168 P.L. 108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910
169 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326,

170 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301
171 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403
172 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, and 513 of P.L.
173 109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28, P.L. 110-140, P.L.
174 110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185, P.L. 110-234,
175 sections 110, 113, and 301 of P.L. 110-245, P.L. 110-246, except section 15316 of P.L.
176 110-246, P.L. 110-289, P.L. 110-317, P.L. 110-343, and P.L. 110-351, and as
177 amended by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5,
178 section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section
179 301 of division B and section 313 of division C of P.L. 111-343, and as indirectly
180 affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203,
181 P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508,
182 P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L.
183 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and
184 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L.
185 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L.
186 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L.
187 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554,
188 excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding
189 section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147,
190 excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L.
191 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L.
192 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L.
193 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403
194 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 102, 201, 211, 242, 244, 336,

337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, and 513 of P.L. 109-222, P.L. 109-227, P.L. 109-280, ~~excluding section 844 of P.L. 109-280,~~ P.L. 110-245, excluding sections 110, 113, and 301 of P.L. 110-245, ~~and~~ section 15316 of P.L. 110-246, P.L. 110-458, sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of P.L. 111-343, "net income" means the federal regulated investment company taxable income, federal real estate mortgage investment conduit taxable income, federal real estate investment trust or financial asset securitization investment trust taxable income of the corporation, conduit, or trust as determined under the Internal Revenue Code as amended to December 31, 2008, excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section

1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, and 513 of P.L. 109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28, P.L. 110-140, P.L. 110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185, P.L. 110-234, sections 110, 113, and 301 of P.L. 110-245, P.L. 110-246, except section 15316 of P.L. 110-246, P.L. 110-289, P.L. 110-317, P.L. 110-343, and P.L. 110-351, and as amended by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of P.L. 111-343, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325,

245 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146
246 of P.L. 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135,
247 excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e),
248 (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections
249 101, 207, 209, 503, and 513 of P.L. 109-222, P.L. 109-227, P.L. 109-280, ~~excluding~~
250 ~~section 844 of P.L. 109-280,~~ P.L. 110-245, excluding sections 110, 113, and 301 of P.L.
251 110-245, ~~and~~ section 15316 of P.L. 110-246, P.L. 110-458, sections 1401, 1402, 1521,
252 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111,
253 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313 of
254 division C of P.L. 111-343, except that property that, under s. 71.02 (1) (c) 8. to 11.,
255 1985 stats., is required to be depreciated for taxable years 1983 to 1986 under the
256 Internal Revenue Code as amended to December 31, 1980, shall continue to be
257 depreciated under the Internal Revenue Code as amended to December 31, 1980,
258 and except that the appropriate amount shall be added or subtracted to reflect
259 differences between the depreciation or adjusted basis for federal income tax
260 purposes and the depreciation or adjusted basis under this chapter of any property
261 disposed of during the taxable year. The Internal Revenue Code as amended to
262 December 31, 2008, excluding sections 103, 104, and 110 of P.L. 102-227, sections
263 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b),
264 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L.
265 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L.
266 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L.
267 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L.
268 108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.
269 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,

1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, and 513 of P.L. 109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28, P.L. 110-140, P.L. 110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185, P.L. 110-234, sections 110, 113, and 301 of P.L. 110-245, P.L. 110-246, except section 15316 of P.L. 110-246, P.L. 110-289, P.L. 110-317, P.L. 110-343, and P.L. 110-351, and as amended by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of P.L. 111-343, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 102, 201, 211, 242, 244, 336,

295 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7,
296 P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
297 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L.
298 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding
299 sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and
300 (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207,
301 209, 503, and 513 of P.L. 109-222, P.L. 109-227, P.L. 109-280, ~~excluding section 844~~
302 ~~of P.L. 109-280,~~ P.L. 110-245, excluding sections 110, 113, and 301 of P.L. 110-245,
303 ~~and~~ section 15316 of P.L. 110-246, P.L. 110-458, sections 1401, 1402, 1521, 1522, and
304 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and
305 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of
306 P.L. 111-343, applies for Wisconsin purposes at the same time as for federal
307 purposes. Amendments to the Internal Revenue Code enacted after December 31,
308 2008, do not apply to this subdivision with respect to taxable years that begin after
309 December 31, 2008, except that changes to the Internal Revenue Code made by
310 section 15316 of P.L. 110-246, sections 1401, 1402, 1521, 1522, and 1531 of division
311 B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L.
312 111-240, and section 301 of division B and section 313 of division C of P.L. 111-343,
313 and changes that indirectly affect the provisions applicable to this subchapter made
314 by section 15316 of P.L. 110-246, sections 1401, 1402, 1521, 1522, and 1531 of
315 division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113
316 of P.L. 111-240, and section 301 of division B and section 313 of division C of P.L.
317 111-343, apply for Wisconsin purposes at the same time as for federal purposes.

~~NOTE: NOTE: Subd. 22. is shown as affected by 2 acts of the 2009 Wisconsin legislature and as merged by the legislative reference bureau under s. 13.92 (2) (i). NOTE:~~

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428; 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479, 483; 2007 a. 20, 96, 97, 151, 226; 2009 a. 2, 28, 161, 165, 180, 183, 205, 265, 269, 295, 332, 344; s. 13.92 (1) (bm) 2., (2) (i).

318 **SECTION 5.** 71.34 (1g) (um) of the statutes is amended to read:

319 71.34 **(1g)** (um) "Internal Revenue Code" for tax-option corporations, for
320 taxable years that begin after December 31, 2008, means the federal Internal
321 Revenue Code as amended to December 31, 2008, excluding sections 103, 104, and
322 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.
323 103-66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188,
324 sections 1, 3, 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L.
325 106-573, section 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections
326 106, 201, and 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316,
327 401, and 403 (a) of P.L. 108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422,
328 847, 909, and 910 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323,
329 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L.
330 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section
331 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209,
332 503, and 513 of P.L. 109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28,
333 P.L. 110-140, P.L. 110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185,
334 P.L. 110-234, sections 110, 113, and 301 of P.L. 110-245, P.L. 110-246, except section
335 15316 of P.L. 110-246, P.L. 110-289, P.L. 110-317, P.L. 110-343, and P.L. 110-351,
336 and as amended by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L.
337 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and
338 section 301 of division B and section 313 of division C of P.L. 111-343, and as
339 indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L.
340 100-203, P.L. 100-647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821
341 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L.
342 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227,

343 excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L.
344 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.
345 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188,
346 excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L.
347 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L.
348 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections
349 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L.
350 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections
351 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L.
352 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L.
353 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L.
354 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L.
355 108-311, P.L. 108-357, excluding sections 101, 102, 201, 211, 242, 244, 336, 337, 422,
356 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L.
357 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
358 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L.
359 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding
360 sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and
361 (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207,
362 209, 503, and 513 of P.L. 109-222, P.L. 109-227, P.L. 109-280, ~~excluding section 844~~
363 ~~of P.L. 109-280,~~ P.L. 110-245, excluding sections 110, 113, and 301 of P.L. 110-245,
364 ~~and~~ section 15316 of P.L. 110-246, P.L. 110-458, sections 1401, 1402, 1521, 1522, and
365 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and
366 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of
367 P.L. 111-343, except that section 1366 (f) (relating to pass-through of items to

368 shareholders) is modified by substituting the tax under s. 71.35 for the taxes under
369 sections 1374 and 1375. The Internal Revenue Code applies for Wisconsin purposes
370 at the same time as for federal purposes. Amendments to the federal Internal
371 Revenue Code enacted after December 31, 2008, do not apply to this paragraph with
372 respect to taxable years beginning after December 31, 2008, except that changes to
373 the Internal Revenue Code made by section 15316 of P.L. 110-246, sections 1401,
374 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147,
375 sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and
376 section 313 of division C of P.L. 111-343, and changes that indirectly affect the
377 provisions applicable to this subchapter made by section 15316 of P.L. 110-246,
378 sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of
379 P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of
380 division B and section 313 of division C of P.L. 111-343, apply for Wisconsin purposes
381 at the same time as for federal purposes.

NOTE: NOTE: Par. (um) is shown as affected by 2 acts of the 2009 Wisconsin legislature and as merged by the legislative reference bureau under s. 13.92 (2) (i). NOTE:

History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33, 99, 135, 255, 326; 2005 a. 25, 49, 74, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 161, 183, 265, 269, 295, 332; s. 13.92 (1) (bm) 2., (2) (i).

382 **SECTION 6.** 71.42 (2) (tm) of the statutes is amended to read:

383 71.42 **(2)** (tm) For taxable years that begin after December 31, 2008, "Internal
384 Revenue Code" means the federal Internal Revenue Code as amended to
385 December 31, 2008, excluding sections 103, 104, and 110 of P.L. 102-227, sections
386 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b),
387 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L.
388 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L.
389 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L.
390 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L.

108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, and 513 of P.L. 109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28, P.L. 110-140, P.L. 110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185, P.L. 110-234, sections 110, 113, and 301 of P.L. 110-245, P.L. 110-246, except section 15316 of P.L. 110-246, P.L. 110-289, P.L. 110-317, P.L. 110-343, and P.L. 110-351, and as amended by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of P.L. 111-343, and as indirectly affected by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311,

excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, and 513 of P.L. 109-222, P.L. 109-227, P.L. 109-280, ~~excluding section 844 of P.L. 109-280,~~ P.L. 110-245, excluding sections 110, 113, and 301 of P.L. 110-245, ~~and~~ section 15316 of P.L. 110-246, P.L. 110-458, sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of P.L. 111-343, except that "Internal Revenue Code" does not include section 847 of the federal Internal Revenue Code. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the federal Internal Revenue Code enacted after December 31, 2008, do not apply to this paragraph with respect to taxable years beginning after December 31, 2008, except that changes to the Internal Revenue Code made by section 15316 of P.L. 110-246, sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of division B and section 313 of division C of P.L. 111-343, and changes that indirectly affect the provisions applicable to this subchapter made by section 15316 of P.L. 110-246, sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, sections 2111, 2112, and 2113 of P.L. 111-240, and section 301 of

441 division B and section 313 of division C of P.L. 111-343, apply for Wisconsin purposes

442 at the same time as for federal purposes.

~~NOTE: NOTE: Par. (um) is shown as affected by 2 acts of the 2009 Wisconsin legislature and as merged by the legislative reference bureau under s. 13.92 (2) (i). NOTE:~~

History: 1987 a. 312; 1987 a. 411 ss. 5, 148, 149; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33; 2005 a. 25, 49; 2007 a. 20, 226; 2009 a. 2, 28, 161, 183; s. 13.92 (2) (i).

443 **(END)**

Kreye, Joseph

From: Quinn, Brian D - DOA [Brian.Quinn@wisconsin.gov]
Sent: Thursday, February 10, 2011 5:27 PM
To: Kreye, Joseph
Subject: FW: Re: IRC Provisions for Imputed Income

Joe,

It looks like we are doing this IRC update in the budget bill.

This was adoption of Section 1004(d) of P.L. 111-152. Add this to the IRC update draft of 1260/P1.

Let me know if you have questions.

Thanks.

-Brian

From: Jablonski, Jack - DOR
Sent: Thursday, February 10, 2011 5:22 PM
To: Quinn, Brian D - DOA
Subject: RE: Re: IRC Provisions for Imputed Income

The intent is to eliminate the imputed value tax similar to the way that feds fixed this issue at the federal level. I was asked by the Governor's office to ensure that we were providing DOA the appropriate information to do it as seemlessly as possible. Hope that helps.

Jack

From: Quinn, Brian D - DOA
Sent: Thursday, February 10, 2011 4:33 PM
To: Jablonski, Jack - DOR
Subject: Re: IRC Provisions for Imputed Income

Jack,

I was sent an e-mail pertaining to the federalization of the IRC provision pertaining to no longer counting health insurance provided to adult children as income. I think that there may have been some confusion on this with the provision in those local government tools or am I mistaken and that it is the intent that we federalize on this provision?

Thanks.

Brian Quinn
Executive Policy & Budget Analyst
Department of Administration
Division of Executive Budget and Finance
(608)-266-1923
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